



IPO Note

Mason Infratech Limited

Nascent Stage, Poor Management

Recommendation: **AVOID!**

Company Background -

- Incorporated in 2020 as a partnership firm and later was converted into a company as on April 24, 2023, Mason Infratech Limited has its registered office in Thane, Maharashtra, India.
- It is a real estate construction company providing construction services for Residential as well as Commercial buildings of new and redevelopment projects.
- The company specialize in executing civil contracts and are also working on lifestyle projects and high-value standalone buildings.
- As of December 31, 2023, the company has over 161 employees and 18 contract labor agencies from where they hire contract laborers on its payroll.

Objects of the Issue -

- Funding working capital requirements of the company.
- General corporate purposes.

Promoters Name -

Asit Thakkar Dattani, Ashutosh Juthani, and Smee Thakkar Dattani.

Rationale for recommendation -

- ✓ The company has seen a sudden increase in the profitability margins.
- ✓ The company management overview is not satisfactory.
- ✓ The company is relatively very new to the industry.

IPO Details

Opening Date	June 24, 2024
Closing Date	June 26, 2024
Allotment Date	June 27, 2024
Listing Date	July 01, 2024
Stock Exchange	NSE SME
Lot Size	2,000 Shares
Issue Price Per Share	₹62 to ₹64
Issue Size	30.46 Cr.
Fresh Issue	30.46 Cr.
Offer for Sale	-
Application Amt	₹ 1,28,000 (2,000 shares)

KPIs

KPI's	2021	2022	2023	(Amt in Lacs)
				Dec-2023
Revenue	349.61	3,010.71	6,405.51	5,690.56
EBITDA	26.41	274.73	580.12	873.08
Net Profit	7.86	152.12	337.00	509.01
RoCE	13.77%	21.42%	28.75%	30.94%
ROE	-	29.66%	42.10%	33.03%
P/E	1,066	52.89	23.88	15.80

Promoter Share Holding Pattern

Pre-Issue	Post Issue
98.20%	71.60%

Valuation Parameters

Particulars	Pre-Issue	Post Issue
EPS	4.05	3.88
BVPS	12.03	40.36
P/E	15.80	16.51
P/BV	5.32	1.59
Mkt Cap (In Cr)	82	112.46

Lead Managers -

Expert Global Consultants Private Limited

Registrar -

Kfin Technologies Limited

Business Overview -

Originally Incorporated on February 06, 2020, Mason Infratech Limited has its registered office in Maharashtra, It is a real estate construction company providing construction services for Residential as well as commercial buildings of new and redevelopment projects. The company specialises in executing civil contracts. The company are also working on lifestyle projects and high-value standalone buildings.

The company provides end-to-end construction services for residential buildings (“Residential”), corporate office buildings and buildings for commercial purposes (collectively, “Commercial”). The company also provides mechanical, electrical, and plumbing (“MEP”) and finishing works.

Business Operations -

Reinforced Cement Concrete (RCC) –

Scope of work includes R.C.C. work, rubble stone, light weight block Masonry and external plastering etc. work including all types of material, labour, and other tools.

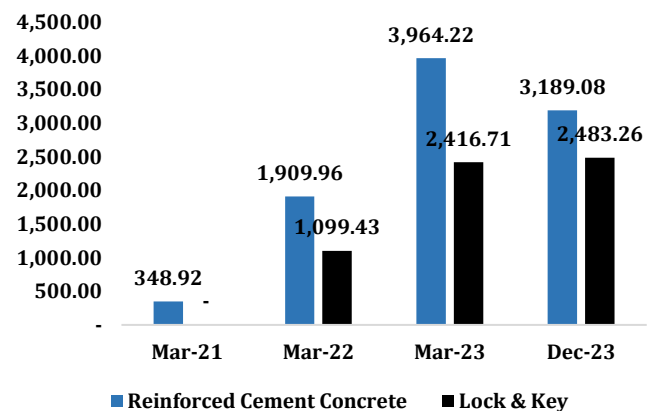
Lock & Key –

In such type of project, the scope of work includes entire Civil & Finishing work, electrical, plumbing, drainage and sanitation, firefighting, carpentry works, STP (Civil Works), Windows, elevators but excluding excavation, shore piling works and major equipment i.e., substation, DG, Solar, MGL Gas line, OWC, STP electromechanical Equipment as specifically excluded from the scope.



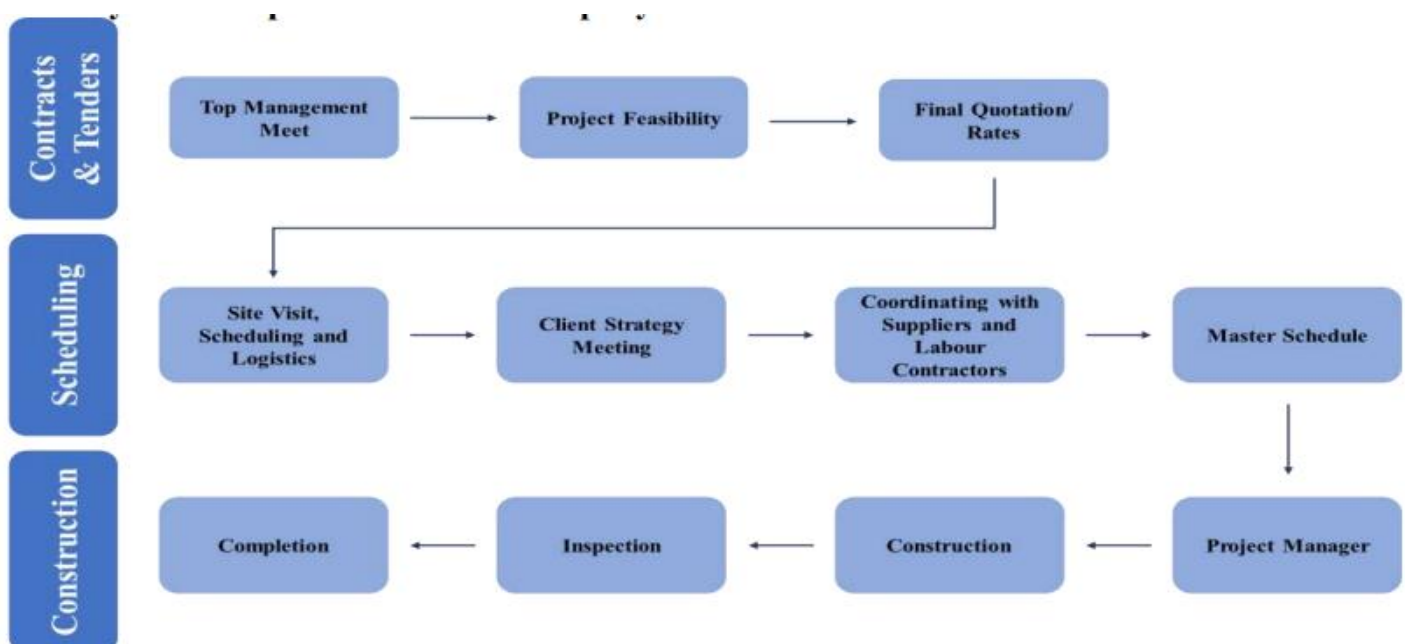
Mahavir Springs

Revenue Bifurcation



On-Going Projects –

The company has 12 On-Going Projects amounting to Rs. 19,020.47 Lakhs.



Competition -

The Construction Industry is extremely competitive where the key factors of competition primarily comprise quality, cost, and time of delivery.

The company faces competition from competitors that have a pan-India presence and from competitors that have a strong presence in regional markets.

The company compete for residential and commercial projects, manpower resources and skilled personnel with other private developers. The company faces competition from various regional property developers

The industry has slightly higher barriers to entry.

The bargaining power is higher with the suppliers and customers both customers.

Business Strategies -

Focus on Construction and Development: The company focuses on the construction of high-rise and skyscraper buildings.

Market Penetration: The company emphasize the expansion of the company's presence in current micro markets and explores opportunities in new geographical areas with growth potential

Focus on Redevelopment and Institutional Construction Projects: The company specializing in redevelopment structures allows professionals to rejuvenate existing structures, bringing new life to them.

Strategic Partnerships and Alliances: The company established strategic collaborations with key stakeholders, including suppliers, subcontractors, and technology providers.

Risk Factors -

The company has legal proceedings amounting to Rs. 29.8 lakhs, which, if determined adversely, may affect the business and financial condition.

The company has had negative operating cash flows for the FY ended 2021, and FY ended 2022.

PEER ANALYSIS

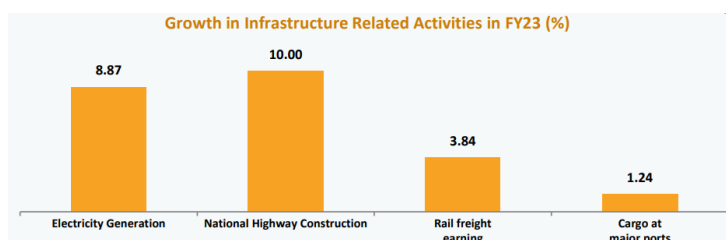
Particulars	Mason Infratech Limited			Capacit'e Infraprojects Limited			Atal Realtech Limited		
	FY 21	FY 22	FY 23	FY 21	FY 22	FY 23	FY 21	FY 22	FY 23
NP Margin	2%	5%	5%	0%	4%	5%	4%	5%	5%
EBITDA Margin	7%	9%	9%	18%	17%	20%	12%	13%	12%
RoCE	14%	21%	28%	6%	10%	16%	14%	13%	11%
ROE	-	29%	42%	0%	5%	9%	6%	7%	6%
EPS (INR)	0.06	1.21	2.68	0.23	7.03	14.04	0.04	0.29	0.29
P/E	1066.67	52.89	23.88	884.13	16.36	8.47	57.75	26.31	54.90

Indian Real Estate Industry -

Introduction and Market Size -

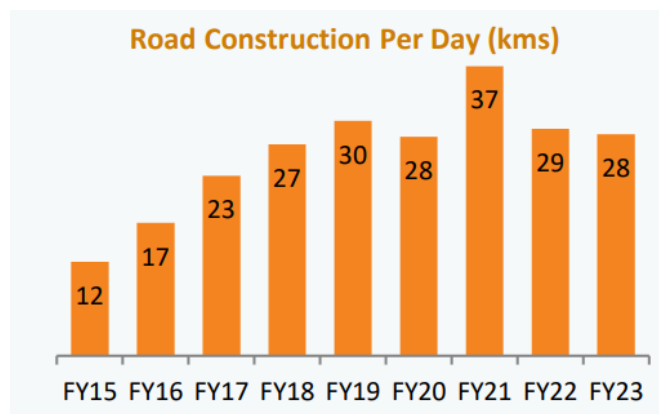
The real estate sector is one of the most globally recognized sectors. It comprises of four sub-sectors - housing, retail, hospitality, and commercial. The growth of this sector is well complemented by the growth in the corporate environment and the demand for office space as well as urban and semi-urban accommodation.

By 2040, real estate market will grow to Rs. 65,000 crore (US\$ 9.30 billion) from Rs. 12,000 crore (US\$ 1.72 billion) in 2019. Real estate sector in India is expected to reach US\$ 1 trillion in market size by 2030, up from US\$ 200 billion in 2021 and contribute 13% to the country's GDP by 2025. Retail, hospitality, and commercial real estate are also growing significantly, providing the much-needed infrastructure for India's growing needs. India's real estate sector is expected to expand to US\$ 5.8 trillion by 2047, contributing 15.5% to the GDP from an existing share of 7.3%.



Infrastructure Sector in India -

India's high growth imperative in 2023 and beyond will significantly be driven by major strides in key sectors with infrastructure development being a critical force aiding the progress. Infrastructure is a key enabler in helping India become a US \$26 trillion economy. Investments in building and upgrading physical infrastructure, especially in synergy with the ease of doing business initiatives, remain pivotal to increase efficiency and costs. Prime Minister Mr. Narendra Modi also recently reiterated that infrastructure is a crucial pillar to ensure good governance across sectors.



Government Initiatives -

- Under Union Budget 2021-22, tax deduction up to Rs. 1.5 lakh (US\$ 2069.89) on interest on housing loan, and tax holiday for affordable housing projects have been extended until the end of fiscal 2021-22.
- The Atmanirbhar Bharat 3.0 package announced by Finance Minister Mrs. Nirmala Sitharaman in November 2020 included income tax relief measures for real estate developers and homebuyers for primary purchase/sale of residential units of value (up to Rs. 2 crore (US\$ 271,450.60) from November 12, 2020, to June 30, 2021).
- In order to revive around 1,600 stalled housing projects across top cities in the country, the Union Cabinet approved the setting up of Rs. 25,000 crore (US\$ 3.58 billion) alternative investment fund (AIF).

Key Management -

Key Management Persons Name -	Asit Thakkar Dattani
Age	53
Designation and No. of years of experience	Promoter and Managing Director, 2 decades of experience.
Qualification	Secondary School Certificate (SSC)
Roles and Responsibility	Overall management of the business and will be heading the public relations.
Other Ventures	-

Key Management Persons Name -	Ashutosh Juthani
Age	50
Designation and No. of years of experience	Promoter, and Executive Director, with more than a decade of experience.
Qualification	B. Com Degree, and Diploma in Interior Designing and Decoration.
Roles and Responsibility	-
Other Ventures	-

Key Management Persons Name -	Chandni Sarvaiya
Age	43
Designation and No. of years of experience	Independent Director, 12+ years of experience
Qualification	Diploma in Nail Art Design
Roles and Responsibility	-
Other Ventures	Partner at ALMARI, Sole Proprietor of IN BLOOM FLOWER STUDIO

Key Management Persons Name -	Hiral Gandhi
Age	30
Designation and No. of years of experience	Independent Director, 4 years of experience
Qualification	Degree in Bachelor of Laws, BBA, and Post Graduation Diploma
Roles and Responsibility	-
Other Ventures	-

Key Management Persons Name -	Vishwa Deo Sharma
Age	70
Designation and No. of years of experience	Independent Director
Qualification	Bachelor of Engineering, Certified Chartered Engineer
Roles and Responsibility	-
Other Ventures	Director of Operations in Unity Infraprojects Limited 2011-2012

FINANCIAL SNAPSHOT

Statement of Profit and Loss

Amt in Lakhs.

Profit and Loss Statement	FY 22	FY 23	Dec-23
Revenue from Operations	3,009.39	6,380.93	5,672.33
Other Income	1.32	24.58	18.23
Total Income	3,010.71	6,405.51	5,690.56
Total Expenses	2,844.52	5,993.96	5,006.75
Cost of Material Consumed	1,643.22	2,943.26	2,071.53
Finance costs	53.99	88.84	47.16
Depreciation and Amortization expense	55.87	104.31	160.34
Other expenses	1,091.44	2,857.55	2,727.72
EBITDA	274.73	580.12	873.08
Profit/(Loss) before tax	166.19	411.55	683.81
Tax Expense	14.07	74.55	174.80
Profit/(Loss) for the year	152.12	337.00	509.01

Statement of Assets and Liabilities

Amt in Lakhs.

Equity	FY 22	FY 23	Dec-23	Assets	FY 22	FY 23	Dec-23
Share Capital	512.91	800.44	1,000.00	Tangible Assets	427.51	607.48	877
Reserves & Surplus	-	-	541.18	Intangible Assets	-	-	-
Equity	512.91	800.44	1,541.18	Other non-current assets	-0.48	-0.29	95.38
Liabilities				Investments	266.43	394.36	394.36
Long Term Borrowings	508.75	854.42	762.06	Inventories	1,090.57	952.35	1,521.41
Other non-current liabilities	-	-	-	Trade receivables	624.33	1,690.43	2,279.56
Short Term Borrowings	47.4	77.01	683.1	Cash	35.35	43.06	189.33
Trade payables	532.71	1,049.36	1,556.06	Other current assets	574.88	518.92	808.98
Other current liabilities	1,416.81	1,425.09	1,623.61	Total Assets	3,018.59	4,206.31	6,166.02
Total Equity and Liabilities	3,018.58	4,206.32	6,166.01				

Key Ratios

Per Share Data	FY 22	FY 23	Dec-23	Valuation Ratios (x)	FY 22	FY 23	Dec-23
Diluted EPS	1.21	2.68	4.05	EV/EBITDA	3.76	2.91	3.20
BV per share	20.26	21.89	26.11	Market Cap / Sales	3.74	1.76	1.98
Operating Ratios				P/E	52.89	23.88	15.80
EBITDA Margins	9.13%	9.09%	15.39%	Price to Book Value	3.16	2.92	2.45
PAT Margins	5.05%	5.26%	8.94%	Solvency Ratios			
Inventory days	132.27	54.48	65.71	Debt / Equity	1.08	1.16	0.94
Debtor days	75.72	96.70	98.46	Current Ratio	1.30	1.41	1.34
Creditor days	72.53	136.55	144.37	Quick Ratio	0.75	1.04	0.95
Return Ratios				Asset Turnover	1.00	1.52	0.92
RoCE	21.42%	28.75%	30.94%	Interest Coverage Ratio	4.05	5.36	15.11
RoE	29.66%	42.10%	33.03%				

LEAD MANAGER TRACK RECORD -

The lead manager to the issue is Expert Global Consultants Private Limited. A table has been set below highlighting the details of the IPO of the last companies handled by the Lead Manager in recent times –

Expert Global Consultants Private Limited –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	K2 Infragen Limited	40.54	119.00	April 08, 2024	264
2.	Jay Kailash Namkeen Limited	11.93	73.00	April 08, 2024	67.5
3.	Royal Sense Limited	9.86	68.00	March 19, 2024	130
4.	Mangalam Alloys Limited	54.91	80.00	October 04, 2023	41.40
5.	Zeal Global Services Limited	36.46	103.00	August 09, 2023	207
6.	Sonalis Consumer Products Limited	2.83	30.00	June 19, 2023	54
7.	Dollex Agrotech Limited	24.39	35.00	December 28, 2022	39
8.	Rite Zone Chemcon India Limited	8.96	75.00	November 11, 2022	42.8

The company has handled 8 mandates in the past three years (including the current year)

*CMP for the above-mentioned companies is taken as of 24th June 2024.

As per the offer document, from the above-mentioned mandates 2 have opened at a discount and the remaining mandates have opened at premiums on the listing day.

Recommendation -

The company, established in 2020, lacks substantial industry experience. The management oversight is deemed inadequate for advancing to the next level. A board comprising a full-time director with qualifications pertinent to the business is recommended to enhance governance and strategic direction.

The P/E on a post-IPO and annualised basis is around 16.51 times which makes it slightly highly priced by looking at the performance of the company and sector. The Sector P/E is 13.52 times.

The company has seen an increase in the top line and bottom line of its financials but has seen a sudden increase in the profitability margins for Dec-23. The company operates in a growing industry. The company has good on-going projects which we believe will yield good growth to the company going forward. We believe the company requires a few more years to perform well. Thus, for now, we recommend **AVOID** applying to this IPO.

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